

The complaint

Mrs Q has complained about the way Creation Consumer Finance Ltd (Creation) administered a credit agreement she has with it.

What happened

Both parties are aware of the circumstances, so I'm not going to go over everything again in detail. But in summary, Mrs Q says she purchased a television in 2020 from a supplier using a credit agreement with Creation. I understand it had a buy now pay later option where if the balance was cleared within a certain time no interest would be charged. Mrs Q says some mistakes were made around the interest application, but she paid off the agreement. She says she spoke to Creation and it reassured her the account was cleared. It made a refund of the interest that wasn't applied fairly with £30 compensation to resolve things in 2020.

Mrs Q says she was surprised to receive contact about the debt in 2022. She complained to Creation again and was told the balance was still incorrectly showing. Mrs Q says this caused issues with her credit file. And she tells us she's suffered a loss because when taking out a new loan in 2021 she was given a worse rate than she should've been eligible for because of the incorrect adverse data recorded by Creation.

To resolve the complaint Mrs Q requests Creation reimburse her the extra interest she's paying along with her credit file being corrected.

Creation sent a final response to the complaint setting out that when it generated the refund in 2020 it failed to close the account. As a result, the account expected monthly instalments to be made which was incorrect. Creation reassured Mrs Q that nothing was owed. It said this went unnoticed until Mrs Q contacted it in 2022. Creation said it corrected the account, and also arranged to have any negative markers removed from Mrs Q's credit file.

Mrs Q decided to bring her complaint to our service to consider. Our investigator said it wasn't in dispute Creation had made a mistake. She recommended Creation pay Mrs Q £200 for the inconvenience caused. Our investigator also said that if Mrs Q could provide evidence she was charged a higher interest on a loan as a result of Creation's mistake it should look to put this right too. And she also recommended Creation look into another concern Mrs Q raised about not being able to use her credit facility.

Mrs Q accepted the investigator's assessment, but Creation didn't respond. I arranged for our investigator to ask Mrs Q for evidence that she was paying more towards a loan as a direct result of something Creation did wrong. And we explained that in the absence of sufficient evidence it would be unlikely I'd be able to direct Creation to take any action for that part of her complaint. Mrs Q explained that her rate on her original loan in March 2018 was 3.4% and in September 2021 a new loan was 5.9%. She said the lender told her she couldn't get the lower rate because of adverse information on her credit file.

I also arranged for both parties to be asked to send in a copy of the credit agreement, but Creation didn't respond, and Mrs Q couldn't find a copy of it.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's disappointing Creation hasn't responded to our recent requests. I would have liked a copy of the credit agreement at least so that I could check everything was in order. It's an important document for me to be able to determine our jurisdiction for the complaint. But in the absence of a response, I've thought about whether there are any issues in relation to our powers to look into the complaint.

It's not in dispute that Creation is the respondent, and we can consider financial services complaints against Creation. It's also not in dispute Mrs Q entered into a credit agreement with Creation. From what I know, the agreement isn't an exempt one, so I think we have the power to consider complaints relating to these sorts of credit agreements. I think Mrs Q is an eligible complainant (and I've not been shown there are any other parties to the agreement). Mrs Q brought her 2022 complaint to the Financial Ombudsman in time. And there are no territorial issues that could impact our jurisdiction either. I'm therefore satisfied I can decide this particular case without a copy of the credit agreement. I'm required to resolve complaints quickly and with minimum formality, and I don't think it would be fair to make Mrs Q wait longer for an answer.

I agree Mrs Q has been put to some inconvenience. She must have been worried when she found out the credit agreement hadn't been settled properly. She says she was unable to get through to Creation to talk about the problem. And she must have been frustrated Creation hadn't resolved things back in 2020. Our investigator recommended Creation pay Mrs Q £200 compensation. In all the circumstances and taking into account how long it's taken to resolve things, I find this to be broadly fair.

Moreover, Mrs Q has said she's lost out financially because she's been paying a higher rate on a loan than she should have done. I'm sorry to hear this. But like we explained to Mrs Q, without evidence to show that Mrs Q has lost out as a direct result of something Creation has done, I don't find I have the grounds to direct Creation to reimburse Mrs Q for what she says she's lost out. I simply don't have enough evidence to demonstrate Mrs Q is paying more for something as a result of a mistake by Creation. I'm therefore not going to make a direction for that.

Finally, I note Mrs Q said she had an issue using her Creation credit account. I can't see this has been something considered by Creation under her complaint. So, for the avoidance of doubt, I'm not going to comment on it in this final decision. If Mrs Q has any issues going forward with regards to using her account, she can take it up with Creation in the first instance. If she's unhappy with Creation's response it may be something our service is able to consider for her.

To resolve matters for the complaint I am able to consider, Creation should pay Mrs Q £200 compensation. And while Creation has said it's corrected Mrs Q's credit file, it should make sure that's been carried out.

My final decision

My final decision is that I uphold this complaint and direct Creation Consumer Finance Ltd to:

- Pay Mrs Q £200 compensation*.
- Remove adverse information about the credit agreement from Mrs Q's credit file to

the extent it agreed to in its 2022 final response letter.

*Creation Consumer Finance Ltd must pay the compensation within 28 days of the date on which we tell it Mrs Q accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Q to accept or reject my decision before 29 August 2023.

Simon Wingfield
Ombudsman